

MEMORANDUM



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Request for City Council Committee Action

Date: January 7, 2003

To: Council Member Goodman, Community Development Committee

Refer to: MCDA Board of Commissioners

Prepared by: Judy Moses, Phone 612-673-5283

Approved by: Chuck Lutz, MCDA Interim Executive Director _____

Subject: Approval of the 2003 Single Family Housing Program and mortgage revenue bond recycling program.

Previous Directives: There have been no directives relating to the 2003 housing program or mortgage revenue bond recycling program.

Neighborhood Group Notification: not applicable

Consistency with *Building a City That Works*: This is consistency with Goal 2: Ensure that an array of housing choices exist to meet the needs of our current residents and attract new residents to the city.

Comprehensive Plan Compliance: not applicable

Zoning Code Compliance: not applicable

Impact on MCDA Budget: (Check those that apply)

- ☐ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☒ Other financial impact (Explain): Fee income for services rendered will provide an unspecified amount of income to the MCDA.

Living Wage / Business Subsidy: not applicable

Job Linkage: not applicable

Affirmative Action Compliance: not applicable

Recommendation: The Interim Executive Director recommends that the City Council and the MCDA Board approve the following:

City Council: Approve a Resolution approving the 2003 Single Family Housing Program and a Resolution to continue the mortgage revenue bond recycling program. Approve summary publication of these Resolutions.

MCDA Board: Approve a Resolution approving the 2003 Single Family Housing Program and approve a Resolution to continue the mortgage revenue bond recycling program. Approve summary publication of these Resolutions.

Background/Supporting Information

Annually the City Council needs to approve a Single Family Housing Program in order for the MCDA or the Minneapolis/Saint Paul Housing Finance Board (the "Joint Board") to issue bonds or issue mortgage credit certificates in support of the MCDA's various single family mortgage or housing programs. The program establishes the structure of all future activities in connection with that year's tax-exempt housing bond allocation, with the exception that the City Council reserves the right to withdraw any uncommitted funds and can formally reallocate it to another acceptable housing activity.

Attached is a Resolution that outlines the program as well as provides the necessary City Council approval. This approval will allow the MCDA or the Minneapolis/St. Paul Housing Finance Board to either issue single family mortgage revenue bonds or to convert some or all of the bonding authority to mortgage credit certificates which are offered in connection with the *Take Credit!* mortgage credit certificate program.

In addition, the City Council is requested to approve a tax-exempt mortgage revenue bond recycling program, which allows the city to maximize the available resources that may be directed toward mortgage lending by recycling mortgage payments or bond refunding into future mortgage revenue bond issues.

At present, it is the intent of the MCDA to reserve the majority of the 2003 tax-exempt bonding authority for the purposes of supporting multi-family housing initiatives. If that occurs, the MCDA staff will present a report to the City Council providing more details regarding that multi-family activity and will request the approval of the City Council.

The remaining authority would be combined with amounts that are recycled under the attached recycling Resolution. These amounts, which would come from tax-exempt mortgage revenue bond recycling may not, under federal regulations, be used for multi-family bonding needs, but will be directed toward new funding for mortgage lending in connection with MCDA's *CityLiving*® home programs. These resources will be provided under the same federal and state income and sale price guidelines as previous mortgage lending programs offered by MCDA.

Having these programs permits the MCDA to have the maximum resources to promote home ownership in Minneapolis.

MINNEAPOLIS/SAINT PAUL 2003 SINGLE FAMILY JOINT BOARD PROGRAM

The City of Minneapolis, Minnesota (“Minneapolis”), the Minneapolis Community Development Agency (the “Agency”), the City of Saint Paul, Minnesota (“Saint Paul”) and the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “Authority”), acting individually or jointly through the Minneapolis/Saint Paul Housing Finance Board (the “Joint Board”) (all together, the “Issuers”) propose to issue mortgage credit certificates (“MCCs”) under Section 25 of the Internal Revenue Code of 1986, as amended (together with regulations promulgated thereunder, the “Code”), or new money mortgage revenue bonds and certain mortgage revenue refunding bonds under Section 143 of the Code in one or more series, in either case to finance the single family housing program described herein (the “Program”) pursuant to authority conferred by Minnesota Statutes, Chapters 462C, 462A, 469 and 474A, all as amended, (and any other general or special law authority for the issuance of obligations to finance a single family housing program or development) (all together, the “Act”). Any action specified herein to be made by the “Issuers” may be made by one or more of them acting in concert or individually.

In creating this Program, the Issuers find and determine:

- that the preservation of the quality of life in Minneapolis and Saint Paul (the “Cities”) is dependent upon maintaining an adequate, decent, safe and sanitary housing stock;
- that maintaining such housing stock is a public purpose and will benefit the residents of the Cities;
- that a need exists within the Cities to provide additional affordable owner-occupied housing for low and moderate income persons and families and for other persons and families to the extent necessary to promote economic integration as provided in the Act; and
- that a need exists for mortgage credit to be made available for both existing and new owner-occupied housing, for rehabilitation of existing single family housing and for home improvements.

To meet such needs, the Issuers intend to issue one or more series of single family mortgage revenue bonds and single family mortgage revenue refunding bonds (“Bonds”) to cause the origination of mortgage loans to finance the acquisition, construction, rehabilitation or improvement of single family housing in the Cities (or either of them). In addition to or in lieu of issuing Bonds, the Issuers (or any one or more of them) may undertake a MCC program to issue MCCs to mortgagors who obtain mortgage loans to finance the purchase, construction, rehabilitation or improvement of single family housing in the Cities (or either of them). The Issuers may issue Bonds, or will elect not to issue bonds in favor of MCCs, in an aggregate principal amount of approximately (a) \$33,600,000 for Minneapolis and \$25,200,000 for Saint Paul, representing certain 2003 entitlement bond allocation of Minneapolis and Saint Paul; (b) an amount up to \$65,000,000 to refund outstanding mortgage revenue bonds and to recycle refund prepayments and repayments

of certain outstanding bonds; and (c) such principal amount of taxable bonds as may be necessary or convenient to further the purposes of this Program.

Mortgage loans financed through the issuance of the Bonds and those in connection with which the MCCs will be issued, will be subject to the following terms (or, for Bonds as to which these requirements do not apply as a matter of law, to such other terms approved by the Board):

purchase price - the maximum purchase price for financed homes shall not exceed the lesser of (a) 90% (110% in “targeted areas” or areas treated as targeted areas) of the applicable “average area purchase price” determined by the United States Department of the Treasury or by the Issuers on the basis of more complete information, or (b) 3 times the applicable income limit for the Program imposed by Minnesota law (except that in certain areas the purchase price shall not exceed 4 times the applicable income limit to the extent consistent with applicable federal law);

income limits - the maximum income of the mortgagors shall be the lower of (a) the income restrictions imposed by federal tax law or (b) the income restrictions imposed by Minnesota Statutes, Section 462C.03, Subd. 2, including the restriction of Subd. 7 that for the first six months of the Program, 50% of the money available to make mortgage loans or the “non-issued bond amount” of MCCs must be reserved for persons and families with adjusted incomes not greater than 90% of the general Program income limits. Income limits under Section 462C.03, Subd. 2 shall be adjusted for family size by deducting \$1,000 per adult and \$1,200 per child in the family.

In connection with this Program:

- (i) (a) in connection with any mortgage loans financed with the proceeds of mortgage revenue bonds, any financial institutions described in Section 462C.03, Subd. 4, and other mortgage lenders with offices located in the Cities and which are FHA/VA approved sellers of mortgage loans as well as other financial institutions and mortgage lenders which are FHA/VA, or FNMA/FHLMC approved sellers of mortgage loans and are reasonably acceptable to any master servicer acting on behalf of the Issuers, will be eligible for consideration for origination of such loans; the Cities will not limit participation in the Program to a single lender unless other lenders are not willing to participate for the consideration offered; the Agency and the Authority shall be eligible for consideration for origination of loans;
- (b) in connection with issuance of MCCs, MCCs will not be limited to loans originated by particular lenders but will be available with respect to the origination of qualifying mortgage loans by any participating lender;
- (ii) loans will not be made available or set aside for the exclusive use of developers or builders except, in the case of mortgage loans financed with the proceeds of mortgage revenue bonds, for new housing described in Section 462C.071, Subd. 2;

(iii) the Issuers expect to act as, or to contract with, a program administrator and a servicer to provide services to ensure that the Program will be consistent with this Program, the Act and applicable federal law;

(iv) as indicated above, up to \$58,800,000 of the 2003 entitlement allocations of the Cities may be used in the Program, provided, however, that no provision of this Program shall in any way prevent either Minneapolis or Saint Paul from using all or a portion of its respective entitlement allocation(s) for multifamily housing or any other authorized purpose. In addition, any election made by the Cities to issue MCCs in lieu of Bonds may be revoked in whole or in part, at any time during the calendar year in which the election was made as permitted by Section 25 of the Internal Revenue Code and Section 1.25-4T(c)(3) of the Treasury Regulations. The resulting unused entitlement allocation may be used to issue bonds for single family housing or other authorized purposes;

(v) the Program will meet the needs of low and moderate income families by providing below-market rate financing for the acquisition or rehabilitation of single family homes or by providing a tax credit for mortgage interest paid, thereby enabling such persons to qualify for mortgages which would be unavailable at market rates;

(vi) no homes which are located in previously unincorporated real property annexed by the Cities within one year prior to the date of adoption of this Program will be financed under this Program;

(vii) prohibitions or limitations on assumption will be imposed to the extent required by federal law relating to the tax exempt status of Bonds or to the continued validity of MCCs issued pursuant to the Program; provided that the Issuers may impose more stringent limitations at their discretion;

(viii) the estimated amount of mortgage loans to be made or purchased pursuant to this Program is approximately equal to the aggregate principal amount of Bonds issued and the amount which either of the Issuers may elect not to issue in favor of MCCs;

(ix) the estimated aggregate principal amount of the Bonds, or estimated “non-issued bond amount” (as such term is used in Section 25(d)(2)(B) of the Code) of MCCs issued in lieu of the Bonds, is set forth above;

(x) the Bonds, if issued, may be issued in one or more series timed for sale consistent with the needs of the Cities in 2003, or, if any bond allocation is carried forward for single family purposes, in 2004;

(xi) refinancing of existing indebtedness will be permitted only where the mortgage loan also finances substantial “rehabilitation” as that term is defined under Minnesota Statutes, Section 462C.01 and Section 462C.03, Subd. 11 and under Section 143 of the Code;

(xii) to the extent required by the Act, during the first ten (10) months of the origination period, loans financed by the Bonds (but not mortgage loans assisted by MCCs) will be made for existing housing;

(xiii) the following additional provisions shall apply only to issuance of MCCs pursuant to this Program:

(1) the “certificate credit rate” (as used in Section 25 of the Code) will be 20%;

(2) a copy of the form which will be used to elect the nonissued bond amount is attached hereto as Exhibit A; and

(3) the Issuers will ensure compliance with the requirements of Section 25 of the Code by use of an MCC procedural manual for the Program and by use of the program administrator referenced in item (iii) above.

EXHIBIT A
TO
JOINT BOARD PROGRAM
MORTGAGE CREDIT CERTIFICATE ELECTION
(Pursuant to Temp. Reg. § 1.25-4T)

(i) Issuer name:

[Name]

[Address]

TIN:

[Number]

(ii) Issuer's Applicable limit, per § 146 of the Internal Revenue Code of 1986:

[ALLOCATION FOR 2003: \$_____]

[CARRYFORWARD ALLOCATION FROM PREVIOUS YEAR: \$_____]

(iii) The aggregate amount of qualified mortgage bonds issued during the calendar year::

[Amount]

(iv) The amount of the Issuer's applicable limit that it has surrendered to other issuers during the calendar year:

[Amount]

(v) The date and amount of any previous elections under 1.25-4T(c) for 2003:

[Date and amount]

(vi) The amount of qualified mortgage bonds that the issuer elects not to issue:

[Amount]

State Certification attached.

Dated: _____, 2003.

CITY OF [CITY]

By _____
Mayor

APPROVING A PROGRAM OF REFUNDING SINGLE FAMILY
MORTGAGE REVENUE BONDS TO PROVIDE FOR THE
RECYCLING OF PROGRAM MONIES TO MAKE ADDITIONAL
LOANS FOR LOW OR MODERATE PERSONS AND FAMILIES
AND APPROVING AND AUTHORIZING THE EXECUTION OF
VARIOUS DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the City of Minneapolis (*the City*), either (a) on its own behalf, (b) acting through the Minneapolis Community Development Agency (*the MCDA*), or (c) acting through the Minneapolis/Saint Paul Housing Finance Board (*the MHFB*), pursuant to that certain Joint Powers Agreement, as amended, by and between the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (*the HRA*), the MCDA and the City of Minneapolis (*Minneapolis*) and accepted by the City of Saint Paul (*Saint Paul*), from time to time has issued individually or jointly with other issuers various series of single family mortgage revenue bonds, as listed below, (*the Prior Bonds*), for the purpose of providing below-market interest rate financing to low and moderate income persons and families (*Qualified Buyers*); and

WHEREAS, the federal tax law permits the issuance of tax-exempt refunding bonds to refund certain principal amounts of the Prior Bonds as they mature or become subject to redemption prior to maturity; and

WHEREAS, it is the policy of the City to “recycle” the resource represented by the Prior Bonds by issuing refunding bonds (*the Refunding Bonds*) to the greatest extent possible to provide for the origination of additional single family loans to Qualified Buyers; and

WHEREAS, because the various series of Refunding Bonds are due and become subject to redemption at various times during the calendar year in relatively small principal amounts which cannot efficiently and economically be refunded by the issuance of separate series of refunding bonds, the City, in cooperation with the MCDA, Saint Paul and the MHFB, proposes that there be deposited in certain escrow accounts moneys sufficient, from time to time, to provide for the refunding of the Prior Bonds, and to periodically issue Refunding Bonds in principal amounts sufficient to reimburse such escrow deposits;

Prior Bonds

<i>Single Family Mortgage Revenue Bonds or Refunding Bonds:</i>	<i>Issue Date</i>
Phase IV, Series A, B & C	5/1/1987
Phase V, Series A, B & C	11/1/1987
Phase VI, Series A	8/1/1988
Phase IX, Series A	8/29/1991
Phase X, Series A	11/30/1994; 9/1/1996
Phase XI, Series A & B	7/23/1997
Phase XII, Series A & B	12/29/1998
Home Ownership and Renovation, Phase III	12/1/1993
Home Ownership Program, Phase V	10/5/1995
Home Ownership Program	8/11/1998
CityLiving Home Programs Convertible Option Bonds, Series A & B	12/29/1998 (remarketed 6/22/1999)
CityLiving Home Programs, Series A-1, A-2 & A-3	8/19/1999
CityLiving Home Programs, Series B-1 & B-2	8/31/1999
CityLiving Home Programs, Series A-1 & A-2	4/18/2000
CityLiving Home Programs Convertible Option Bonds Series A-3	10/4/2000
CityLiving Home Programs Series B	10/4/2000; 9/7/2001
CityLiving Home Programs, Series A-1, A-2, A-3 & A-4	5/3/2001
CityLiving Home Programs, Series 2002A-3 & Series 2002B-1	4/25/2002
CityLiving Home Programs, Series 2002A,-1, Series 2002A-2 & Series 2002A-4	5/29/2002

NOW THEREFORE, be it resolved by the City Council of the City of Minneapolis, as follows:

1. The Executive Director of the MCDA or his designee, is hereby authorized and directed to take such actions as are necessary or convenient to implement the City's policy of maximizing the resource represented by the Prior Bonds. Without limiting the generality of the foregoing, the Executive Director is specifically authorized to execute and deliver, from time to time, escrow agreements, including any amendments thereto, and to do all other things necessary or convenient to provide for the deposit of funds made available by the City, the MCDA or the MHFB (*Escrow Deposits*) to refund Prior Bonds becoming due or subject to prepayment from time to time.

2. The City intends to issue, or to cooperate with the MCDA, the MHFB and Saint Paul in the issuance of, the Refunding Bonds at such times and in such amounts as are effective and economical, in an aggregate principal amount from time to time identified by the Executive Director of the MCDA, or his designee in writing and filed in the official records of the MCDA, and estimated to be between \$30,000,000 and \$40,000,000 in 2003, to reimburse the City, the MCDA or the MHFB for any and all Escrow Deposits described in paragraph 1, all for the purpose of providing for the origination of additional single family mortgage loans to be made to Qualified Buyers.

3. All actions of the members, employees and staff of the City Council and the MCDA heretofore taken in furtherance of the policies of the City stated herein are hereby approved, ratified and confirmed.

APPROVING A SINGLE FAMILY HOUSING PROGRAM TO BE FINANCED
BY THE ISSUANCE OF SINGLE FAMILY MORTGAGE REVENUE BONDS
AND/OR MORTGAGE CREDIT CERTIFICATES

WHEREAS, pursuant to the Minnesota Municipal Housing Act, Minnesota Statutes, Chapter 462C (the "Housing Act"), the City of Minneapolis, Minnesota (the "City") is authorized to adopt a housing plan and carry out programs for the financing of single family housing for persons of low and moderate income; and

WHEREAS, the Minneapolis/Saint Paul Housing Finance Board (the "Board"), a joint powers board organized under a Joint Powers Agreement (the "Joint Powers Agreement") by and between the Minneapolis Community Development Agency (the "Agency"), the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Authority") and the City and accepted by the City of Saint Paul, Minnesota ("Saint Paul"), and under the laws of the State of Minnesota, proposes to undertake a single family housing program relating to the Minneapolis and the Saint Paul entitlement allocations available in 2003 and certain recycling refunding bonds (the "Program"), to be financed by the issuance of one or more series of mortgage revenue obligations, mortgage revenue refunding obligations and/or mortgage credit certificates ("MCCs") pursuant to Minnesota Statutes, Sections 469.001 to 469.047, Chapters 462A, 462C and 474A and Section 471.59 (collectively, the "Act"); and

WHEREAS, pursuant to the Act, the Board is authorized to issue bonds from time to time and to use the proceeds of its bonds to make or purchase mortgage loans or to purchase participations in mortgage loans from lending institutions and to issue MCCs in order to finance the construction and rehabilitation, and to facilitate the purchase and sale, of single family housing for eligible persons or families under the Act and to issue bonds to refund previously issued bonds; and

WHEREAS, the Program will provide below market interest rate mortgage loan financing or income tax credits primarily to persons of low or moderate income purchasing single family homes to be used as their principal places of residence and located within the geographic limits of the City or Saint Paul; and

WHEREAS, the Act requires adoption of the Program after a public hearing held thereon following publication of notice in a newspaper of general circulation in the City and Saint Paul at least fifteen days in advance of the hearing; and

WHEREAS, the Community Development Committee of the City Council on January 7, 2003, conducted a public hearing on the Program after publication of notice as required by the Act; and

WHEREAS, the Program was submitted to the Metropolitan Council at or before the time of publication of notice of the public hearing on such Program, and the Metropolitan Council was afforded an opportunity to present comments at the public hearing, all as required by the Act; and

WHEREAS, the Program provides for the issuance of single family mortgage revenue bonds or revenue refunding bonds in one or more series pursuant to the Act (the "Bonds") to make or purchase or cause to be made or purchased mortgage loans, or to purchase securities the proceeds of which would be used to purchase mortgage loans, and the issuance of MCCs to finance the acquisition, primarily by low and moderate income persons and families, of single family housing located within the geographic boundaries of the City or Saint Paul; and

WHEREAS, it is proposed that the Program be approved and the Board or the Agency be authorized to issue Bonds and MCCs pursuant to the Program and the Joint Powers Agreement; and

WHEREAS, it appears that the Program and the issuance of Bonds and/or MCCs by the Board or the Agency are in the best interests of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:

1. The Program is hereby approved in its entirety in substantially the form on file with the City. The officers of the City are authorized to take all actions as may be necessary or appropriate to carry out the Program in accordance with the Act and any other applicable laws and regulations.

2. Be It Further Resolved that the issuance of the Bonds or of MCCs to finance the Program is hereby finally approved subject to agreement by the Board and the purchasers of the Bonds, if any, and by the Board or the Agency as issuer of the MCCs, as to the exact terms of the Bonds and the MCCs.

3. Be It Further Resolved that the Bonds may be issued in one or more series at the time or times and pursuant to terms determined by the Board, and be structured so as to take advantage of whatever means are available and are permitted by law to enhance the security for, or marketability of, the Bonds, provided that any such financing structure must be approved by the Board. The MCCs may be issued at the time or times and pursuant to terms determined by the Board. All such determinations by the Board must comply with the applicable provisions of the Act and the Internal Revenue Code, of 1986, as amended, and regulations promulgated thereunder.

4. Be It Further Resolved that the Board is authorized to take all actions which may be necessary or desirable in connection with the issuance of the Bonds and the MCCs, and no further approval or consent of the City shall be required prior to the issuance of the Bonds or the MCCs by the Board, or prior to the taking of any action by the Board to undertake and implement the Program.

5. Be It Further Resolved that nothing in this Resolution or the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Program other than as specified and authorized by separate actions of the City and other than the revenues derived from the Program or otherwise granted to the City for such purpose. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the City except the revenues and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holders of the Bonds shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal on the Bonds or the interest thereon, or to enforce payment against any property of the City. The Bonds shall recite in substance that the principal and interest thereon are payable solely from the revenues and proceeds pledged to the payment thereof. The Bonds shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation of indebtedness.

6. Be It Further Resolved that any one or more series of Bonds (to the extent authorized by law) or the MCCs may be issued by the Agency in lieu of issuance by the Board, at the discretion of the Agency.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

APPROVING A PROGRAM OF REFUNDING SINGLE FAMILY MORTGAGE REVENUE BONDS TO PROVIDE FOR THE RECYCLING OF PROGRAM MONIES TO MAKE ADDITIONAL LOANS FOR LOW OR MODERATE PERSONS AND FAMILIES AND APPROVING AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the City of Minneapolis (*the City*), either (a) on its own behalf, (b) acting through the Minneapolis Community Development Agency (*the MCDA*), or (c) acting through the Minneapolis/Saint Paul Housing Finance Board (*the MHFB*), pursuant to that certain Joint Powers Agreement, as amended, by and between the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (*the HRA*), the MCDA and the City of Minneapolis and accepted by the City of Saint Paul (*Saint Paul*), from time to time has issued individually or jointly with other issuers various series of single family mortgage revenue bonds, as listed on Exhibit A attached hereto, (*the Prior Bonds*), for the purpose of providing below-market interest rate financing to low and moderate income persons and families (*Qualified Buyers*); and

WHEREAS, the federal tax law permits the issuance of tax-exempt refunding bonds to refund certain principal amounts of the Prior Bonds as they mature or become subject to redemption prior to maturity; and

WHEREAS, it is the policy of the MCDA to “recycle” the resource represented by the Prior Bonds by issuing refunding bonds (*the Refunding Bonds*) to the greatest extent possible to provide for the origination of additional single family loans to Qualified Buyers; and

WHEREAS, because the various series of Refunding Bonds are due and become subject to redemption at various times during the calendar year in relatively small principal amounts which cannot efficiently and economically be refunded by the issuance of separate series of refunding bonds, the City, in cooperation with the MCDA, Saint Paul and the MHFB, proposes that there be deposited in certain escrow accounts moneys sufficient, from time to time, to provide for the refunding of the Prior Bonds, and to periodically issue Refunding Bonds in principal amounts sufficient to reimburse such escrow deposits;

NOW THEREFORE, be it resolved by the Board of Commissioners of the Minneapolis Community Development Agency, as follows:

1. The Executive Director of the MCDA or his designee, is hereby authorized and directed to take such actions as are necessary or convenient to implement the MCDA’s policy of maximizing the resource represented by the Prior Bonds. Without limiting the generality of the foregoing, the Executive Director is specifically authorized to execute and deliver, from time to time, escrow

agreements, including amendments thereto, and to do all other things necessary or convenient to provide for the deposit of funds made available by the City, the MCDA or the MHFB (*Escrow Deposits*) to refund Prior Bonds becoming due or subject to prepayment from time to time.

2. The MCDA intends to issue, or to cooperate with the City, the MHFB and Saint Paul in the issuance of, the Refunding Bonds at such times and in such amounts as are effective and economical, in an aggregate principal amount from time to time identified by the Executive Director of the MCDA, or his designee in writing and filed in the official records of the MCDA, and estimated to be between \$30,000,000 and \$40,000,000 in 2003, to reimburse the City, the MCDA or the MHFB for any and all Escrow Deposits described in paragraph 1, all for the purpose of providing for the origination of additional single family mortgage loans to be made to Qualified Buyers.

3. All actions of the members, employees and staff of the MCDA heretofore taken in furtherance of the policies of the MCDA stated herein are hereby approved, ratified and confirmed.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Niziolek						
Biernat							Ostrow						
Colvin Roy							Schiff						
Johnson							Zerby						
Johnson Lee							Zimmermann						
Lane							Goodman,						
Lilligren							chair						
Vote: NV - Not Voting				Abs - Absent		Ovrd - Vote to Override				Sust - Vote to Sustain			

ADOPTED _____: _____
Chairperson

APPROVED
NOT APPROVED _____: _____
VETOED Mayor

Exhibit A

Prior Bonds

<i>Single Family Mortgage Revenue Bonds or Refunding Bonds:</i>	<i>Issue Date</i>
Phase IV, Series A, B & C	5/1/1987
Phase V, Series A, B & C	11/1/1987
Phase VI, Series A	8/1/1988
Phase IX, Series A	8/29/1991
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CityLiving Home Programs, Series A-1, A-2, A-3 & A-4	5/3/2001
CityLiving Home Programs, Series 2002A-3 & Series 2002B-1	4/25/2002
CityLiving Home Programs, Series 2002A,-1, Series 2002A-2 & Series 2002A-4	5/29/2002

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

APPROVING THE ISSUANCE BY THE MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD OF SINGLE FAMILY MORTGAGE REVENUE BONDS AND/OR MORTGAGE CREDIT CERTIFICATES TO FINANCE THE 2003 SINGLE FAMILY HOUSING PROGRAM

WHEREAS, pursuant to the Minnesota Municipal Housing Act, Minnesota Statutes, Chapter 462C (the "Housing Act"), the City of Minneapolis, Minnesota (the "City") is authorized to adopt a housing plan and carry out programs for the financing of single family housing for persons of low and moderate income; and

WHEREAS, the Minneapolis/Saint Paul Housing Finance Board (the "Board") a joint powers board organized under a Joint Powers Agreement (the "Joint Powers Agreement") by and between the Minneapolis Community Development Agency (the "Agency"), the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Authority"), and the City and accepted by the City of Saint Paul, Minnesota ("Saint Paul"), and under the laws of the State of Minnesota, proposes to undertake a single family housing program relating to the Minneapolis and the Saint Paul entitlement allocations available in 2003 and certain refunding bonds (the "Program"), to be financed by the issuance of one or more series of revenue obligations, revenue refunding obligations and/or mortgage credit certificates ("MCCs") pursuant to Minnesota Statutes, Sections 469.001 to 469.047, Chapters 462A, 462C and 474A and Section 471.59 (collectively, the "Act"); and

WHEREAS, pursuant to the Act, the Board is authorized to issue bonds from time to time and to use the proceeds of its bonds to make or purchase mortgage loans or to purchase participations in mortgage loans from lending institutions and to issue MCCs in order to finance the construction and rehabilitation, and to facilitate the purchase and sale, of single family housing for eligible persons or families under the Act; and

WHEREAS, the Program will provide below market interest rate mortgage loan financing or income tax credits primarily to persons of low or moderate income purchasing single family homes to be used as their principal places of residence and which are located within the geographic limits of the City or Saint Paul; and

WHEREAS, the Act requires adoption of the Program after a public hearing held thereon following publication of notice in a newspaper of general circulation in the City and Saint Paul at least fifteen days in advance of the hearing; and

WHEREAS, the Community Development Committee of the City Council on January 7, 2003 conducted a public hearing on the Program, after publication of notice as required by the Act; and

WHEREAS, the Program was submitted to the Metropolitan Council at or before the time of publication of notice of the public hearing on such Program, and the Metropolitan Council was afforded an opportunity to present comments at the public hearing, all as required by the Act; and

WHEREAS, the Program provides for the issuance of single family mortgage revenue bonds and mortgage revenue refunding bonds in one or more series pursuant to the Act (the "Bonds") to make or purchase or cause to be made or purchased mortgage loans, or to purchase securities the proceeds of which would be used to purchase mortgage loans, and the issuance of MCCs to finance the acquisition, primarily by low and moderate income persons and families of single family housing located within the geographic boundaries of the City or Saint Paul; and

WHEREAS, the City Council of the City has approved the Program pursuant to resolution adopted on the date hereof (the "City Resolution"); and

WHEREAS, it appears that the Program and the issuance of Bonds and/or MCCs by the Board or the Agency are in the best interests of the Agency;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY AS FOLLOWS:

1. The Program is hereby approved in its entirety in substantially the form on file with the City. The officers of the Agency are authorized to take all actions as may be necessary or appropriate to carry out the Program in accordance with the Act and any other applicable laws and regulations.

2. The Agency hereby delegates to the Board the power and authority to issue the Bonds and MCCs pursuant to the Program on behalf of the Agency and to take all actions necessary or desirable in connection therewith, and no further approval or consent of the Agency shall be required prior to the issuance of the Bonds or MCCs by the Board, or prior to the taking of any action by the Board to undertake and implement the Program.

3. The issuance of the Bonds and/or MCCs pursuant to the Program by the Board is hereby approved.

4. Nothing in this Resolution or the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Program other than as specified and authorized by separate actions of the Agency or the City and other than the revenues derived from the Program or otherwise granted to the Agency or the City for such purpose. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the Agency or the City except the revenues and proceeds pledged to the payment thereof, nor shall the Agency or the City be subject to any liability thereon. The holders of the Bonds shall never have the right to compel any exercise of the taxing power of the Agency or the City to pay the outstanding principal of the Bonds or the interest thereon, or to enforce payment against any property of the Agency or the City. The Bonds shall recite in substance that the Bonds, including the interest thereon, are payable solely from the revenues and proceeds pledged to the payment thereof. The Bonds shall not constitute a debt of the Agency or the City within the meaning of any constitutional or statutory limitation of indebtedness.

5. The Agency proposes to originate mortgage loans for the bond-financed portion of the Program and sell such mortgage loans as a lender pursuant to a mortgage origination agreement.

Further, the Agency proposes to originate mortgage loans to mortgagors to whom MCCs will be issued, which mortgage loans may also be sold pursuant to agreements with the purchasers thereof. Such agreements are hereby authorized and directed to be executed and delivered on behalf of the Agency by its Executive Director or his designee and Finance Officer or his designee, upon approval of the form thereof by the office of the City Attorney. The Executive Director and other officers of the Agency are hereby further authorized and directed to execute and deliver such certificates and other instruments and documents as may be necessary to evidence the due authorization, execution and delivery of such agreements and to show other facts or make other representations as may be required in connection therewith.

6. The Agency hereby reserves to itself the power to rescind the delegation to the Board provided for herein at any time prior to issuance of the Bonds or MCCs.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Niziolek						
Biernat							Ostrow						
Colvin Roy							Schiff						
Johnson							Zerby						
Johnson Lee							Zimmermann						
Lane							Goodman, chair						
Lilligren													
Vote: NV - Not Voting				Abs - Absent		Ovrd - Vote to Override				Sust - Vote to Sustain			

ADOPTED _____: _____
Chairperson

APPROVED
NOT APPROVED _____: _____
VETOED Mayor